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FOREIGN AGRICULTURE

AUGUST
1956

Foreign Finances and U. S. Agriculture
More Livestock Exports from Denmark
Impact of U. S. Tour on Soviet Agriculture

UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

VOL. XX . . No. 8 . . AUGUST 1956

To report and interpret world
agricultural developments.

The Missing Link In World Agriculture

Just as a painter uses his brush and oils to portray his subject, so does the agricultural statistician use figures to build a picture of world agriculture.

Through the statistics of Free World countries, we can get a fairly good view of their agricultural production, consumption, markets, and similar factors that influence the exports of American farmers.

But in the Soviet orbit, the picture continues to be purposely cloudy. Today the Soviet Union is presenting a smiling new front to the world. It admits tourists; it maintains that it wants an expanded exchange of information with other countries; and recently it published a fairly comprehensive statistical yearbook, the first in 17 years.

Did this yearbook answer the principal questions we all have regarding Soviet agriculture?

It did not. It gave figures, lots of them, but no basis for computing figures on crop production—the heart of agricultural statistics. Grain production, for example, was "29 percent higher than in 1950"—but the 1950 figure itself was missing. This all means that Soviet agricultural statistics, though interesting, are far less useful for analytical purposes than those of the Free World.

The Free World countries, by and large, are conscious of the need for accurate and complete world agricultural statistics. Under auspices of international bodies such as the Food and Agriculture Organization of the United Nations, and through bilateral action such as that growing out of our own technical assistance programs, producing and consuming countries are improving and pooling their agricultural statistics. We can only hope that in time the Soviet orbit too will see the light and begin making a worthwhile contribution to this essential pooling of world knowledge.

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Editor: Alice Fray Nelson

Advisory Board:

Gustave Burmeister, Frank L. Erhardt, W. A. Minor, Kenneth W. Olson, Paul E. Quintus, Burl Stugard, Gerald E. Tichenor

Foreign Agriculture is published monthly by the Foreign Agricultural Service, United States Department of Agriculture, Washington 25, D. C. The printing of this publication has been approved by the Bureau of the Budget (October 28, 1953). Yearly subscription rate is $1.50, domestic, $2.00, foreign; single copies are 15 cents. Orders should be sent to Superintendent of Documents, Government Printing Office, Washington 25, D. C.

Gold and dollar holdings and foreign exchange earnings are important factors affecting the level and composition of exports of U.S. farm products. The substantial increases in agricultural exports in 1955-56 were attributable in part to the increased foreign exchange earnings of importing countries. There was also, of course, some increase in foreign exchange reserves, and this will be a favorable factor in increasing our agricultural exports in 1956-57. This article provides a helpful background for better understanding the foreign market for U.S. farm products.

GWYNN GARNETT, Administrator

What Changes in Finances Abroad Mean to U. S. Agricultural Trade

By OSCAR ZAGLITS and DALE K. VINING
International Monetary Branch, Foreign Agricultural Service

Our agricultural exports have to face many serious difficulties in the present world situation. It is gratifying to note, however, that one of the greatest of these difficulties, the dollar shortage, has become much less important. True, factors of uncertainty remain in the financial situation of some important countries. But the total foreign holdings of gold and dollars have increased markedly since 1949, the year Western European and sterling area countries made major adjustments in their exchange rates.

At the end of 1955, foreign countries held $26.1 billion in gold and short-term U.S. dollar assets.[1] They also held $1.3 billion in readily salable U.S. bonds and notes. Thus their total holdings of gold and readily liquidable dollar assets amounted to $27.4 billion, which represents an increase of $11.6 billion over 1949. Except for gold transfers from the United States and newly mined gold entering foreign countries' reserves, virtually all—or $11 billion—of this increase is the result of trade with and aid from the United States. The prospect is that holdings will continue to increase.

Internal as well as external factors have helped to bring about this improvement.

Since 1949 a number of countries, especially in Western Europe, have taken important disinflationary measures. This fact, plus the substantial progress that they have made in postwar reconstruction and development, has enabled them to expand their industrial exports to record levels.

Here are the principal external factors contributing to the improvement of the balance of payments of foreign countries with the United States:

U.S. imports of merchandise increased about 66 percent between 1949 and 1955. The United States is now the world's largest importer as well as the largest exporter.

Spendings by U.S. residents abroad increased about 50 percent between 1949 and 1955. Under this heading come travel and other services, as well as pensions and private remittances.

U.S. Government expenditures abroad more than doubled between 1949 and 1955. Included here are troop maintenance, military installations, and other offshore purchases.

U.S. economic aid in 1955 still amounted to $2.1 billion. Though decreased by 62 percent since 1949, it still was an important source of dollars to countries such as France, Italy, Turkey, Formosa, Korea, and Pakistan.

BALANCE OF PAYMENTS OF FOREIGN COUNTRIES WITH THE UNITED STATES, 1949-55[1]

[In billions of dollars]

	1949	1950	1951	1952	1953	1954	1955
A. Dollars received by foreign countries, from—							
U.S. imports of goods	6.9	9.1	11.2	10.8	11.0	10.3	11.5
U.S. imports of services, and other foreign income[2]	2.5	2.6	2.8	3.1	3.2	3.2	3.7
U.S. Government expenditures abroad	.9	.9	1.6	2.3	2.9	2.9	3.0
Private investment (net)[3]	.6	1.3	1.1	1.2	.6	1.6	1.0
Total	10.9	13.9	16.7	17.4	17.7	18.0	19.2
B. Dollars paid by foreign countries, for—							
U.S. exports of goods	12.1	10.1	14.1	13.3	12.4	12.7	14.2
U.S. exports of services, and U.S. investments abroad	3.7	3.8	4.7	4.7	4.8	4.9	5.3
Unaccounted transfers (net)	.8	—	.5	.5	.2	—	.1
Total	16.6	13.9	19.3	18.5	17.4	17.6	19.6
Net dollar receipts	—	—	—	—	.3	.4	—
Net dollar payments	5.7	—	2.6	1.1	—	—	.4
C. U.S. economic aid (loans and grants)	5.6	3.6	3.2	2.4	2.0	1.5	2.1
As a result of A, B, and C, the gold and dollar assets[4] of foreign countries—							
Increased	—	3.7	.5	1.2	2.3	1.9	1.5
Decreased	.1	—	—	—	—	—	—

[1] Excluding military aid. [2] Including pensions and private remittances. [3] Excluding transactions in U.S. Government securities. [4] Including transactions in U.S. Government securities.

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[1] Excluding gold reserves of the USSR, which a leading London brokerage house has recently estimated at $7 billion.

Estimated gold and dollar assets of foreign countries[1]

[In millions of dollars]

	Holdings at end of— 1949	Holdings at end of— 1955[2]	1955 holdings as percent of imports
CONTINENTAL WESTERN EUROPE			
Belgium-Luxembourg (and Belgian Congo)	912	1,207	38
France (and dependencies)[3]	757	2,137	46
Germany, West	149	2,382	41
Italy	564	1,133	42
Netherlands (and Netherlands West Indies and Surinam)	424	1,144	34
Switzerland	2,067	2,392	161
Other[4]	1,407	3,148	----
Total	6,280	13,543	----
STERLING AREA			
United Kingdom (and dependencies)	2,133	2,975	27
Other	705	1,024	----
Total	2,838	3,999	----
WESTERN HEMISPHERE			
Canada	1,526	2,609	51
Latin American Republics	3,078	3,984	----
Total	4,604	6,593	----
ASIA[5]			
Japan	393	1,033	42
Other	1,157	1,609	----
Total	1,550	2,642	----
ALL OTHER			
Eastern Europe[6]	380	315	----
Other	141	324	----
Total	521	639	----
Total, all countries	15,793	27,416	----

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[1] Including holdings of U.S. Government bonds and notes.

[2] Preliminary.

[3] Includes gold reserves of Bank of France and French dependencies only.

[4] Includes Yugoslavia, Bank for International Settlements (both for its own and for European Payments Union account), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

[5] Except European dependencies and sterling area countries.

[6] Excludes gold reserves of the USSR.

Share of United States and selected areas in world trade, 1938 and 1955

[Percent]

	Exports 1938	Exports 1955	Imports 1938	Imports 1955
United States	14.9	18.6	10.6	14.1
Canada	4.4	5.7	3.5	5.9
Latin America	8.0	9.4	6.6	8.2
United Kingdom	12.5	10.1	19.2	12.5
Other sterling countries	14.5	14.4	13.2	14.1
Continental Western Europe	31.5	29.2	33.2	31.1
Rest of world	14.2	12.6	13.7	14.1
Total	100.0	100.0	100.0	100.0

Gold production outside the United States, private hoards, and Soviet gold sales added $590 million to foreign exchange reserves.

The principal changes in the percentage distribution of world trade from 1938 to 1955 (1955 minus 1938 percentages) were these:

	Exports	Imports
U.S. and Canada	+5.0	+5.9
Less developed areas	+1.0	+2.1
Western Europe and Japan	–6.0	–8.0

The Western Hemisphere countries enjoy the largest share in the world's dollar receipts. In 1955 they received 39 percent of total U.S. foreign payments. This compares with 16 percent for the sterling area, 27 percent for continental Western Europe and its dependencies, and 18 percent for the rest of the world.

Besides dollar receipts, internal policies and war-caused changes in economic and financial relationships have greatly influenced the foreign exchange positions of various countries and areas.

The Western European countries—which, together with the United Kingdom, form the hard core of the European Payments Union—more than doubled their gold and dollar assets between 1949 and 1955. Their trade has increased phenomenally since 1949. In 1955 their exports (including exports to each other) amounted to $24.4 billion, and their imports reached $27.1 billion. Between 1949 and 1954 their exports expanded faster than their imports. During 1955, however, their imports increased $3.5 billion, but their exports only $2.9 billion. This reversal in trend reflects not only increased consumer demand but the increased demands of Europe's booming industries for supplies and materials. Liberalization both of Western Europe's internal trade and of its trade with the dollar area also caused imports to rise. Some countries, such as West Germany, intentionally liberalized imports as a means of combatting the upward trend of internal prices.

The sterling area increased its exchange reserves by 58 percent between 1949 and 1954. In 1955, however, these holdings declined by about 10 percent. At the end of the year they amounted to $4.0 billion, equivalent to only 37 percent of the area's imports from nonsterling countries. Large short-term sterling liabilities of the United Kingdom and relatively sharp fluctuations in the export receipts of many sterling countries increase the risk of drawings upon these holdings. In 1955 the United Kingdom's imports increased 15 percent over 1954, but its exports increased only 9 percent. Consumer demand intensified by inflation sharply increased the imports of raw materials and supplies and at the same time curtailed the availability of goods for export. A series of measures were taken in 1955 and 1956 to stop the drain upon the area's gold and dollar holdings. By the end of March 1956, these holdings had risen to $4.2 billion.

The Western Hemisphere countries increased their gold and dollar assets by over 40 percent between 1949 and 1955.

By far the larger part of these assets is accounted for by the 10 countries (Canada, Mexico, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Panama, and Venezuela) which have convertible currencies, and which do not restrict trade on balance of payments grounds. Such import restrictions as they have serve merely protectionist purposes.

Distribution of dollar receipts among areas, 1955

[In millions of dollars]

	Western Hemisphere			Western Europe and dependencies	Sterling area	All other countries	All areas
	Canada	Latin American Republics	Total				
Merchandise	2,652	3,468	6,120	2,195	1,800	1,375	11,500
Services, plus minor items	742	758	1,500	2,636	1,353	1,186	6,700
Total goods and services	3,394	4,226	7,620	4,831	3,153	2,561	18,200
Net private capital overflow	252	291	543	119	39	247	1,000
U.S. economic aid	----	116	116	753	297	954	2,100
Total receipts	3,646	4,633	8,279	5,703	3,489	3,762	21,300

The remaining Latin American countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Nicaragua, Paraguay, Peru, and Uruguay) employ multiple-exchange-rate practices. Several of them are struggling with the inflation spiral, and some (such as Argentina, Chile, and Paraguay) have recently made major adjustments in their exchange rates.

Canada's exports increased from $3.1 billion in 1949 to $4.7 billion in 1955, and its imports, from $3.0 billion to $5.2 billion. The exports of the Latin American countries increased in the same period from $6.3 billion to $7.9 billion, and their imports, from $6.1 billion to $7.1 billion.

The Asiatic and African countries (outside the sterling area and the European Payments Union) succeeded in nearly doubling their gold and dollar reserves between 1949 and 1955, despite serious difficulties related to their development efforts. The most important improvement occurred in Japan, which nearly tripled its gold and dollar reserves in this period. Most of these countries employ extensive trade and exchange controls. The group as a whole increased its exports from $5.9 billion to $7.3 billion, and its imports from $7.6 billion to $8.2 billion.

Conclusion

The large improvement in the gold and dollar position of foreign countries is making it possible to expand the foreign market for U.S. agricultural products. In some countries the improvement is such as to give the United States a good claim for further liberalization of trade in U.S. agricultural products, or at least for their nondiscriminatory admission.

To secure this liberalization, there must be overcome the resistance of various groups such as those favoring agricultural protection, those anxious to secure preferential outlets for their industrial products through bilateral and regional trade and payments arrangements, and those fearing possible future deterioration in the foreign countries' dollar position.

Special export programs, such as foreign currency sales, may continue to be needed, especially in underdeveloped countries with an unfavorable dollar position, which often earmark most of their exchange earnings for the importation of capital goods.

Courtesy of Danish Embassy

Denmark's modern cow barns reflect the high level of efficiency of the country's expanding livestock industry.

Danish Livestock Exports Gain in World Markets

BY C. S. STEPHANIDES

Livestock and Meat Products Division
Foreign Agricultural Service

Denmark, an agricultural land long noted for its meat and dairy products, in the postwar years has expanded its livestock industry to such a high level of production that it is now one of the world's main sources of meat.

The United Kingdom, a traditional market for U.S. meat, relies heavily on Danish products. Germany and, to a limited degree, France have increased their imports of meat and are relying on Danish products. Italy, never a large importer of meat, is now buying from Denmark. And in South America and the Caribbean, Denmark is establishing itself.

Competition with U.S. meat products is most pronounced with regard to pork, pork products, canned meat, and variety meats. In 1938, Denmark exported 3,800 tons of pork (excluding bacon and hams), and the United States, 9,400 tons. In 1955, Danish pork exports had jumped to 36,600 tons, while U.S. exports were 14,600 tons.

Viewed from a single market, that of the United Kingdom, the transposition is most striking. In 1938 the United Kingdom bought 5,400 tons of pork products and 4,000 tons of canned meat from the United States—and no pork and only 2,300 tons of canned meat from Denmark. Last year, U.S. pork and canned meat were replaced entirely by Danish imports, which amounted to 5,400 tons of pork and 21,500 of canned meat.

The factors that have caused this reversal are many, and they range from dollar shortages and bilateral trade agreements to quality of product and low-cost transportation. Yet underlying these is Denmark's historical position as primarily an agricultural nation.

Uniform physical and climatic conditions throughout the country have led to a standardization of farming not possible in other parts of Europe. The farms are not large; most of them are under 40 acres; and their output depends on dairying and hogs, with poultry as a subsidiary enterprise and with beef and veal derived from dairy animals.

The importance of Denmark's livestock industry is reflected in the use of the land. Of the nation's 17,144 square miles, about 76 percent is in agriculture—and of this, 40 percent is devoted to grain, 40 percent to pastures, and 15 to forage crops. The small size of farms necessitates a large turnover in livestock products if the farmers are to make a living. As a result, Denmark has developed one of the world's most highly productive livestock industries, largely through improvement of breeds, good management practices, and highly developed marketing facilities.

Means to Higher Production

Progeny testing of hogs, cattle, and poultry has been going forward in Denmark for many years. The practice of perfecting a single breed has led to uniformity, and, in the case of hogs, has resulted in the increasing dominance of the Landrace breed. With 90 percent of Denmark's hogs of this breed, which has relatively low feed requirements, the country saves about 250,000 tons of feedstuffs a year. In view of Denmark's growing dependence on imported feedstuffs, this is of economic significance.

Denmark's good management practices are no different from those employed in varying degrees by other countries—except that Danish farmers seem to be more proficient in getting results. The cropping pattern mentioned is one. Drainage of soil and use of fertilizers are extensively carried out. Animals are well cared for, and farm labor, usually supplied by the farm family, is highly competent. And since hogs represent an essential part of this intensive farming system, some 70 percent of the skim milk produced in the country is used in hog feed rations.

At the heart of Denmark's agriculture is its system of cooperatives. These long-established institutions provide numerous services to their members. Together with other farm organizations, they are influential in agricultural policies. They have guided Denmark's livestock breeding programs and supplied farmers with reasonably priced breeding animals. Even more important, they have developed the Danish system of processing and marketing livestock, meat, and meat products into perhaps one of the world's most efficient.

Denmark's Competitive Position

The standards set by farmer marketing cooperatives have resulted in a uniformity—and this high uniform quality has led to a preference abroad for Danish livestock products. To an extent some of this is traditional. The United Kingdom has been a market for Danish bacon for so long that the Danes have built up their hog industry almost entirely to meet the demands of British consumers; and Germany has always been a good market for Denmark's live hogs and cattle.

Danish livestock products have achieved this competitive position for other reasons as well. Denmark is ideally situated in relation to large consumer areas. This means low-cost transportation and the possibility of bringing products to consumers without deterioration or change of quality. Low-cost shipping facilities have also boosted Danish sales of live animals to European countries which prefer to slaughter locally in order to have fresh or chilled meat and at the same time make use of the byproducts.

Another factor which favors Danish producers is the importance of the industry to the economy of the country. While government supports are designed in such a way that they are hard to detect, loans and other aids granted for fertilizing, liming, drainage, and so forth make up a substantial part of the cost of production. Moreover, when demand for Danish farm products in the foreign market drops off significantly, Danish farmers, within their own cooperatives, can effect a subsidy program requiring Danish consumers to pay higher prices for those products which enter domestic trade channels.

Marketing policies, both governmental and cooperative, have also been of great assistance to Danish livestock producers. Denmark is not too interested in short-term markets. Its aim is to establish and maintain markets which year after year will assure uninterrupted production and continuous export outlets. Of the 28 bilateral trade agreements negotiated by the government in 1955 (most of which contain provisions for livestock products), almost all were for a year, with provision for automatic renewal. This aspect appeals to importing countries, for both the United Kingdom and West Germany give favorable consideration to Danish products, primarily to assure uninterrupted supplies. Other European countries, members of the Organization for European Economic Cooperation, also give preference to Denmark as a result of a general agreement.

Importance in International Trade

Meat and livestock exports provided 34 percent of Denmark's foreign exchange earnings in 1955. In the international sphere, where world exports of meat and meat products have remained practically the same as before the war, Denmark's share in 1954 was 23 percent, as against 14 percent prewar. The most important customers were the United Kingdom and Western Germany, with the United States ranking third.

This large increase in exports is explained by the unprecedented demand for live animals. In 1955 the value of the breeding stock exported was almost double that of 1954, and the demand for beef and veal in terms of live animals reached an all-time high. Most of the breeding stock was exported to countries in the Middle East, Africa, South America, and the Soviet Bloc. Most of the fattened calves went to Italy, and many of the beef cattle to Western Germany, which increased its imports 65 percent over the preceding year.

Exports of fresh and frozen veal, on the other hand, declined in 1955, mainly because of the smaller demand by the USSR, East Germany, Czechoslovakia, and Sweden. As these markets became less important, a new market was found in Spain, which for the first time imported Danish beef and veal as a result of Denmark's inability to supply the potatoes included in their trade agreement.

The 1955 export of live hogs, pork, and pork products was the largest since the war, totaling 357,000 metric tons, or about two-thirds of the entire production. Although the export of live hogs declined slightly from 1954, fresh and frozen pork exports increased 17 percent.

Canned meat exports also increased, primarily because of large shipments of luncheon meat to the British market. But ham shipments declined. Low U.S. pork prices reduced the quantity of Danish hams exported to this country, yet despite low prices and losses, the Danish ham producers continued to ship hams in order to hold the U.S. market. Bacon, on the other hand, improved in price as a result of the United Kingdom-Danish bacon agreement, and this meant higher prices for hogs.

Outlook

What is the outlook? Will Danish meat exports continue to increase, or have they reached their peak?

No forecast can be made without taking into account world conditions, particularly the economic situation in Europe. If Europe's industry keeps up its

(Continued on page 14)

Cover Photograph

HERD OF DANISH CATTLE goes home to picturesque thatched-roof barn. Most of Denmark's farms are small—usually under 40 acres. To make a living the farmers are dependent on dairying and a large turnover in livestock products.

Photo from Poultry Tribune

On a typical Illinois hog farm, Owner Don Stengel shows his herd boar to Velko Kocev and Ante Petricic, Yugoslav farm editors on an 8-week tour that the U.S. Department of Agriculture helped sponsor.

FOREIGN VISITORS:

They Benefit U. S. Agriculture

Foreign agricultural visitors—technicians, administrators, businessmen, educators, farmers—are coming to the United States today in unprecedented numbers. These visits benefit American agriculture just as they help create trained manpower for the agriculture of many allied nations.

Since 1949, at least 10,000 such visitors have come on their own or have been sponsored by foreign governments or institutions. Some 5,000 have come under sponsorship of the International Cooperation Administration and its predecessor organizations. Hundreds of others, not counted because they are not in touch with U.S. agricultural officials, come to study in U.S. agricultural colleges.

The U.S. Department of Agriculture has special services to help visitors with arrangements for reaching their technical and educational objectives. As partners with USDA, land-grant colleges work out appointments and special training programs in their own States. Laboratories and field stations, farms, and commercial organizations are hosts to visitors both for tours and for periods of study.

This cooperative effort is paying off, both for the visitors and for U.S. agriculture, as the following examples show.

A GROUP OF DANISH Government administrators, here to study U.S. farm policies and programs 2 years ago, visited a prominent San Francisco food exporter. Later the U.S. company president returned the visit in Copenhagen. He reports that, "partly as a result of our discussions in California and of further discussions during the week we spent in Copenhagen, the Danish market has, for the first time since 1939, been opened wide for California raisins."

CLEANER, BETTER-CERTIFIED shipments of plants and animals are coming into the United States, as the result of study at U.S. quarantine stations by 66 technicians from 30 countries.

And by explaining their own countries' import regulations to U.S. officials, these technicians have helped in certifying exports of U.S. agricultural commodities.

Some of them have also sent valuable information on plant pests of their own countries, thus making more effective the import quarantine programs of the United

Photo by Howard R. Knaus

At Purdue University, Francisco Silva of Brazil works with Dr. H. E. Moses, professor of veterinary science, on the inoculation of eggs.

States. Some have even sent insects that will help control pests here.

Exporters of the United States are trying to increase consumer demand in foreign countries for such U.S. products as citrus fruit, dried fruits, dried milk, and various livestock products. Visits here by foreign food officials, and training programs for foreign home economists carried on in this nutrition-conscious Nation, result in expanded nutrition programs when the visitors return home. In the past 5 years, nearly 300 home economists and nutrition specialists from some 50 countries have come to the United States to receive training, with emphasis on improved diets and techniques for stimulating consumer interest in vitamin-rich foods.

When Dr. Kurt Wagener, a bacteriology professor at a veterinary university in Hanover, Germany, came to the United States in 1951 to observe research techniques, USDA was concerned over the rapid spread of X-disease among U.S. livestock. Dr. Wagener's suggestions led to changes in research methods on the disease. Today X-disease is nearly wiped out, and savings to U.S. livestock producers have been immense as a result.

Maine potato farmers depend on the State's potato-starch industry as a market for low-grade potatoes. But the Maine starch industry has had the baffling problem of stream pollution.

This spring a team of potato-starch technicians from the Netherlands visited Maine to study U.S. production techniques. Learning of Maine's stream-pollution difficulty, they passed along some procedures that had helped solve the same kind of problem in the Netherlands.

Photo from Michigan State College

Visitors at Michigan State College (left and right, Filipinos; center, a Thai) learn to make posters for agricultural improvement programs.

A manufacturer of antibiotics used in livestock feeding, one of many U.S. businesses serving agriculture that have cooperated in the foreign visitor program, comments: "In most cases . . . the visiting scientists have gained. As a result of these visits and this cooperative effort, we too have gained, in that we have earned the good-will of these visitors and of their governments which is in turn evidenced in their relationship with our local branch or distributor and in their appreciation and knowledge of our products."

Accurate statistics on agriculture abroad—output, marketing, and trade—are needed by U.S. agricultural attachés for their reports on economic trends that affect U.S. farm markets. Facts are harder to get in countries where modern statistical methods have not yet been applied. But increasingly they may be easier to get as these countries make use of knowledge gained in training courses held in the United States on gathering and compiling statistics. In the past 5 years, 101 participants from 39 countries have attended these courses.

Many visitors have come from Turkey to study livestock management in the United States, with its emphasis on supplementary feeding of grain. Meanwhile, in response to scientific findings and Turkey's own recognition of the need for livestock improvement, the Turkish Government intends to encourage increased feeding of grain to farm animals. Goats, sheep, cattle, and horses in Turkey now live through the winters mostly on wheat straw, resulting in heavy losses during severe winters. Any trend toward grain feeding should increase the demand for feed grains, not only in Turkey but in other countries with similar conditions whose technicians have observed results of U.S. livestock management practices.

Georgia's widely known *Atlanta Journal* comments editorially on foreign agricultural visitors as follows:

"More and more foreigners have been coming to Georgia to attend high school or college, pick up industrial know-how, or learn about farming, Southern style. They take a lot home with them in the way of knowledge, ideas about America and memories. But it is not a one-way street. They leave something here, too. They give Americans a better understanding of other lands and an insight into the problems and hopes of other people."

Impact of 1955 Tour of U. S. Farms Now Showing in Soviet Agriculture

Last summer the Des Moines (Ia.) *Register* invited Soviet agriculturalists to visit the United States and "get the low-down" on Iowa's corn and hogs. The USSR accepted the invitation and sent a farm delegation to this country. At the same time, a group of American farmers went to the Soviet Union.

As the Soviet delegates traveled through the farmlands of our Middle Western States, a corps of U.S. journalists accompanied them, reporting their remarks and impressions. By comparing this reportage with agricultural articles and decrees which have appeared in the Soviet press this past year, it seems obvious that at least some of the new Soviet farm practices were inspired by last year's tour of U.S. farms.

When the Soviet farm delegation arrived at the Des Moines airport last summer to start on its 12,000-mile tour of U.S. farmlands, Soviet Acting Agricultural Minister V. V. Matskevich, delegation head, declared that one look was better than a hundred technical articles. A year later this look apparently is having an impact on Soviet agriculture.

Probably the thing that impressed the Russian visitors the most was the high productivity of America's family-size farms. Where are the laborers, was the automatic question during their first few days in Iowa. And as the guide explained that the owner of a 160-acre farm north of Des Moines would need one helper for his harvest, a Soviet official exclaimed: "One! By us a hundred!"

In 6 months this was being translated into Soviet terminology. When the USSR's Sixth Five Year Plan was published last February, conservation of manpower was emphasized. According to the Plan, the productivity of farm labor on collective and state farms is to be increased from 70 to 100 percent in the years from 1956 to 1960. To drive this home, the Soviet press in the last few months has been publishing articles on production in which comparisons are made between the achievements of farm labor in the United States and the Soviet Union.

Moreover, N. S. Khrushchev stated in a speech at the 20th Congress of the Communist Party of the Soviet Union (which adopted the new Five Year Plan) that "available data indicate that in our country much more labor is used for production of a centner of milk and meat than in the United States. As a result, a larger population is engaged in agriculture in the USSR than in the United States." He then added: "Of course, we cannot blindly follow the American example."

That conservation of manpower is being effected in the Soviet Union is evident from various things. The trend toward reducing the daily milking of cows is one. Prior to last winter, herds of dairy cows on collective farms were usually milked three or four times a day. Then a campaign was begun in the press to reduce the number of milkings to twice daily. Subsequent press reports indicate that this practice has been widely adopted throughout the country and is giving satisfactory results.

U.S. farm machinery also fascinated the Russians. "We have big machines, too, but we must pay more attention to the little machines which take the burden off man's back," said Matskevich last summer. A few months ago, in a public lecture, Matskevich, who is now Minister of Agriculture and Deputy Premier, discussed U.S. farm machinery in considerable detail. He was obviously very much impressed by the push-button controls on American machines, for he pointed out that he had seen a 12-year-old boy operating a large tractor on a Middle West farm.

The Russians are doing more than just talk about farm machinery; they are actually trying to make it more efficient. Not only does the new Five Year Plan emphasize the urgency of this, but it includes a program for the production of tractors with plowing and cultivating equipment directly attached to the tractor. These attachments are to be operated by hydraulic—push-button—controls. Previously all plowing and cultivating equipment was hitched to the rear of the tractor and was controlled by an operator who rode the plow or cultivator, thus requiring additional labor.

Within recent months there has also been some deviation from the Soviet philosophy that bigness makes for efficiency. When they were in the United States, several delegates expressed some doubts about the smaller U.S. tractors, felt that they would not stand up in the Ukraine. Yet Soviet production plans now call for a larger number of small wheel-type tractors. In proposing this change, no specific mention is made of foreign tractors, but the result will be tractors more like those used in the United States and Canada than like the usual Soviet model.

Chemical weed killers were another thing of tremendous interest to the Soviet delegation. They were amazed at the results obtained by the application of 2, 4-D. And as American farmers traveled through the Soviet Union, agricultural officials asked particularly about these weed killers, their application, cost, and effectiveness. Apparently the Russians were convinced of their value, for the Plan contains provision for the mass production of chemical weed control agents.

Apparently the Soviet delegation also picked up pointers in Iowa on the breeding and marketing of hogs. By September 1955, a new program had been instituted in the Soviet Union whereby pigs will be marketed at weights of 176 to 220 pounds, as they are in the United States, instead of waiting until they reach a weight of 390 pounds or more, which has been the usual Soviet practice. In announcing this new program, it was pointed out that "experience in the Soviet Union and in foreign countries had shown that it was more economical in terms of feed requirements and utilization of facilities to market pigs at younger ages and lighter weights." According to the program, a larger number of gilts will be bred, which will be marketed after farrowing one litter.

Important as these changes are, some of the more radical innovations deal with corn production. Corn was the big reason why the Russians came to America. To Soviet agriculturalists, Communist Party leader Khrushchev is known as the "corn man"—and corn is supposed to solve the country's feed requirements and thus eliminate the shortage of livestock products. Their own figures—40 million acres in 1955, quadrupling the acreage, and perhaps 75 million in the next 2 or 3 years—show how heavily they are banking on it.

When the Soviet corn program was launched in the early spring of 1955, it was claimed that corn could be produced advantageously on soil that produced low yields of grain and grass crops. But in the United States the Russians soon admitted that there was a world of difference between the green cornfields of Iowa and the stands in large areas of the Soviet Union where rainfall averages only 10 to 14 inches a year. So after they had returned home the original program was changed. The Soviets now recommend not only that corn be planted on fertile soils, but that supplemental applications of chemical or organic fertilizers be used.

Incidentally, some scepticism was shown with regard to chemical fertilizers while here. Would these chemically produced materials increase crops at home, they wondered. But perhaps this questioning stemmed from the realization that their commercial fertilizer output is only a small percentage of U.S. production. In a country the size of the USSR, even partial application of chemical fertilizers will require considerable expansion of this industry.

At the time of the tour, there were many who said that the purpose of the trip was public relations—and not to learn about agriculture. But the eagerness with which the Russians followed their vigorous 12-hour-a-day schedule with the thermometer hovering around 100 degrees, the questions they asked, and the pictures they took seemed to contradict that. And now as these changes occur in Soviet agriculture, whether directly attributable to U.S. methods or not, it appears obvious that they were inspired by that one look, by the Russians coming to see for themselves what makes U.S. agriculture so highly productive.

Uruguay's Farm Exports Still Decline

Uruguay's agricultural exports continued to decline in 1955. Largely as a result, the country's overall trade balance was unfavorable as it had been the year before.

Agricultural products account for 98 percent of Uruguay's total exports. In 1955, these exports were valued at about $181 million, a drop of over a fourth from the year before. This drop, in turn, was reflected in Uruguay's overall negative trade balance of $42.3 million for 1955.

Uruguay's trade deficit undoubtedly would have been larger had the government not stimulated wool exports during the last quarter of the year by granting financial aid through a more favorable exchange rate on wool. Wool continued to be the leading export, with a total value of $108 million—roughly a fifth below 1954.

Wheat replaced meat as the second leading export. Under the stimulus of government financial aid, production and export of wheat continued to climb. Wheat exports were valued at $26 million compared with only $14 million in 1954, while exports of wheat flour provided another $12 million—although they were less than the $19 million exported in 1954. Because of the cattle shortage, meat exports dropped from $15 million in 1954 to $7 million.

1955 saw a strengthening of Western Europe as a market for Uruguayan exports and a corresponding decline in exports to the Western Hemisphere. The Netherlands moved up from fourth position to that of top buyer in 1955. The United States ranked fourth, whereas in 1954 it had been third, but it retained its position as No. 1 source of imports. Switch transactions, which have helped sustain the level of U.S. imports, were greatly restricted early in 1956 by the Bank of the Republic. What effect this step will have on future imports from the United States is unpredictable at this time.

Bales of sisal are prepared for loading at a Dominican Republic port. Though started only about 4 years ago, sisal production in the Republic seems to offer a partial solution to the country's foreign exchange problems.

El Caribe

Dominican Republic Expands ITS SISAL INDUSTRY

By John E. Montel

Assistant U. S. Agricultural Attache', Dominican Republic

Currently in the agricultural spotlight is the production of sisal fiber in the Dominican Republic. Though started just 4 years ago, this young industry has expanded to a point where the production of sisal fiber and exports of manufactured sisal products may assume considerable importance in the economy of the country.

The Dominican Republic is basically an agricultural economy, and as such depends largely for its economic well-being on exports of its four basic commodities—sugar, coffee, cacao, and tobacco. But since the war a weakened sugar market has reduced the Republic's sugar exports, and recently export prices for coffee and cacao have dropped. Both of these developments have contributed in no small measure to the present decline in the Republic's earnings of foreign exchange.

The Dominican Government has been able to compensate for these trends temporarily by maintaining a comporatively high level of government spending. For a more reliable and long-term solution it is striving to diversify its economy. Industrialization of sisal is one of several agricultural schemes; and it appears to have a better-than-average chance for success, particularly if markets can be found for manufactured sisal products such as twine, rope, ship's hawsers, rugs, mats, and other articles.

Expansion Planned

Sisal production was begun in 1952 under the Banco de Crédito Agrícola e Industrial, at Azua. Because of lack of skilled technicians only some 1,300 of the 22,000 acres of sisal grown on the plantation were being harvested, and sisal remained a minor product in the Republic's agriculture. Then in 1955, after several years of operation at below-capacity levels, the plantation and the affiliated bag and cordage factory in Ciudad Trujillo were sold to a private enterprise, headed by Sr. Elías Gadala María. Terms of the sale stipulated large increases in output of sisal bags as well as other manufactured sisal products.

Sr. Gadala, who is a U.S. trained textile engineer, has moved ahead rapidly, expanding and diversifying all phases of sisal production and manufacturing. The Azua sisal plantation is now the second largest in the world in terms of area. Most of its acreage is being harvested, and by 1957 the total area planted will be increased to 44,000 acres. To handle the increased sisal production six new decorticators are being installed, in addition to the two original ones currently in operation, and six more will be added as the acreage expands.

This development of the sisal area puts to productive use one of the most fertile parts of the Dominican Republic. A virgin region, it possesses a thick topsoil, rich in organic material produced by erosion of the mountains that surround it. So great is the fertility that the leaves on the sisal plant sometimes measure as much as 7 feet in length.

At the time the plantation and

Yugoslavia Expands Tobacco Acreage

In line with its policy to increase production of industrial crops, Yugoslavia has since the war more than doubled tobacco acreage. Before the war it averaged 35,000 acres with an average output of 27 million pounds; a third was exported. In 1948-53 it averaged 84,000 acres with an average production of 54.5 million pounds; a third was also exported.

By 1954 tobacco acreage had climbed to almost 94,000 acres; output was 64.5 million pounds, half of which was exported. In June a decree was issued whereby advances up to 25 percent of the contracted value could be given to tobacco growers. (In Yugoslavia, tobacco like all commercial crops is grown under contract.) Also, growers were to receive advances in kind (seed, commercial fertilizer, etc.) up to 5 percent of the contracted value.

Further increases are apparent. For example, the 1955 plan for the Republic of Macedonia, the most important tobacco-growing area in Yugoslavia, indicated that the area under tobacco would be increased from 43,000 acres to 49,000. In February 1956, estimates for 1955 indicated harvested area of tobacco in Yugoslavia at 109,000 acres, with a production of over 90 million pounds; final figures may be 15-20 percent higher.

In April 1956 the purchase price of tobacco was raised—an added incentive for growers to enlarge their tobacco areas.

Yugoslavia is badly in need of marketable exports, and, since tobacco is a valuable export crop, it is natural that increased production would be encouraged. The renewal of friendly relations with the Soviet Bloc, which includes traditional buyers, also offers favorable prospects for additional export markets. Most of the tobacco grown in Yugoslavia is of the oriental and semi-oriental types, which are not strictly competitive with tobacco from the United States.

First Sale of Ghee

The U.S. dairy industry made its first sale of ghee abroad when Pakistan recently purchased $1,089,000 worth (about 1,980,000 pounds) under Public Law 480. Signing the contract is Mohammed Ali, Ambassador of Pakistan. At his left are M. C. Dastgir, commercial secretary, Pakistan Embassy (standing), and Clayton E. Whipple, Deputy Administrator, Foreign Agricultural Service.

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factory changed hands, less than 400,000 sisal bags were being produced annually, whereas the country's domestic needs are around 4 million bags. Similarly, only 200,000 pounds of rope were being produced though requirements are considerably greater. Today 1.3 million bags and 300,000 pounds of rope are being turned out. And within 2 years, it is expected that annual production of these items will have reached, respectively, 7 million bags and 8.3 million pounds. The rope being produced ranges from 3/16 of an inch in diameter to 8 inches.

Economic Benefits

What effect will the development of sisal have on the economy of the country? The most immediate effect will be an increase in employment in Azua Province, where the plantation is located. From 1,300 persons employed on the plantation—mostly field workers—the figure will have jumped to 4,000 by this summer. In an area with comparatively depressed conditions and a low standard of living, this is not an insignificant figure. Moreover a contract has just been awarded for the construction of port facilities at Puerto Viejo, adjacent to the plantation. This job, reported to cost $4.75 million, will also provide work and income throughout the area. The port, incidentally, will be large enough to handle most ocean-going freighters.

Equally important are the long-term benefits. The Dominican Government makes no secret of its desire to be completely self-sufficient for raw fiber and fiber products. In 1954, more than 2.3 million bags were used by Dominican industry, mostly as containers for agricultural products. Ninety percent of them were imported. But by the end of 1956, imports of bags will have ceased, and the factory will be weaving sisal fiber fine enough to be used for bagging sugar and salt.

The government is also planning to enter the export market with high-quality sisal products, with fungicidal, rat- and insect-proofing treatment—features usually available from more highly industrialized countries. And this year, when cord and rope production will have reached $1.2 million a year, domestic requirements can be met and the remainder exported. All of this, then, will eventually result in substantial savings to the economy and may alleviate the bleak outlook for agricultural exports.

Pyrethrum Crop Increases In British East Africa

After a postwar drop in pyrethrum exports, the British East African territories of Kenya and Tanganyika have increased production of this valuable insecticide and indications are that a bumper crop was produced for the year ended June 1, 1956.

For U.S. farmers this is of special interest. Not only do these territories produce pyrethrum of the highest grade, but they are the source of more than 40 percent of the pyrethrum imported into this country. Moreover the United States imports each year nearly half of the total world pyrethrum crop, and any drop in production—which is limited anyway—is of considerable concern.

Pyrethrum comes from a species of chrysanthemum and is closely related to the flower by that name which adorns U.S. gardens. Its use as an insecticide was discovered during the last century in Dalmatia, and for many years pyrethrum dust was the leading insecticide for flies, lice, and other insects. During World War I, when there was an increased demand for dusts and sprays for horticultural crops, Japan began producing pyrethrum. In the 1920's Kenya started on a small scale, and production grew until it was the United States' chief source of supply during the last war.

After the war the introduction of synthetic insecticides seemed to doom pyrethrum as a bug killer, and production fell off. However, certain insects began to develop partial immunity to some of the new materials, and, at the same time, there was a growing need for nontoxic insecticides for use in the storage of surplus foods. Pyrethrum staged a comeback. At the present time, it is being mixed with some of the new insecticides to increase their killing powers and extend their effectiveness over a longer period of time, and it is also being used where toxic insecticides are not advisable.

In 1955 the United States imported 7.6 million pounds of pyrethrum flowers and extract. By that time, Japan, which had been an important source, started retaining practically all of its production for its own use, leaving Kenya, the Belgian Congo, and Ecuador as the chief sources of supply.

In British East Africa, production for 1956 is estimated at 3,500 tons of dried flowers. Over 80 percent comes from Kenya, for pyrethrum is a plant that grows best in high altitudes, and Kenya has a larger growing area between 6,000 and 8,000 feet. Pyrethrum also requires a large amount of hand labor, which is readily available in the Kenya territory. While pyrethrum has been produced mainly on large European-owned farms, the government is encouraging its cultivation on small African farms in order to increase cash income.

Pyrethrum is harvested on a European-type farm on the Kinangop, Kenya. Kenya expects a bumper crop.

Kenya Department of Information

WORLD Agricultural Summaries

COCOA: 1955-56 world cocoa bean crop is estimated at 1,801 million pounds, 11 million pounds less than the '54-'55 crop, mostly because of lower Western Hemisphere output. If postwar production continues, by 1960 there will be an increase of from 8.5-10 percent from the 1954-55 season.

COFFEE: Total world production of green coffee for the marketing year 1955-56 is an estimated 50.2 million bags. FAS forecasts total world production for 1956-57 at 46.7 million bags on the basis of development to date.

CITRUS: 1955-56 world citrus production reached a high level of 431 million boxes. U.S. citrus production is leveling off, with probably a slight increase. In recent years, Greece, Turkey, and Chile have increased their lemon production, which is expected to make for bigger exports.

Danish Livestock Exports

(Continued from page 7)

pace of the past few years, Denmark will be obliged to maintain and, to a limited extent, expand its livestock industry in order to satisfy the meat requirements of these countries and keep its markets. Moreover, Denmark has learned that there are untapped outlets in other parts of the world.

Denmark learned long ago that, for it, expansion means intensified production and higher quality products, and set up machinery to achieve that goal, in the form of breeding programs, cooperative buying and marketing facilities, etc. As additional aid, credit protection in the form of insurance is made available to Danish exporters for

YUGOSLAV SOCIAL PLAN FOR 1956

Yugoslavia's Social Plan for 1956 provides for continued expansion of the economy, but at a slower pace. Official speeches indicate that the immediate task is the consolidation of the economic developments already achieved, as a basis for further expansion.

Major longer-term efforts are to include increasing agricultural production, increasing labor productivity in industry, strengthening the Social management apparatus, and streamlining the state administrative organization.

Under the Plan the gross national product is to increase 4.3 percent compared with the 1955 increase of about 11 percent. Industrial production is to increase 10 percent and total agricultural production is expected to equal that of 1955, which was 6 percent above the 1953-55 average.

The goal of the plan is economic stabilization. It is to be achieved by preventing further price increases and eliminating maladjustments in the structure of production and of income distribution.

Production and Income

Maladjustments in production relate primarily to the fact that agricultural output has not kept up with industrial output and the requirements of the economy and that production of export goods has been relatively low.

Maladjustments in income distribution allegedly refer, for one thing, to the high level of the peasants' incomes compared to those of employees in socialized enterprises.

Price Stabilization

Inflationary pressures on prices in the domestic markets are to be controlled by increasing supplies from both domestic production and imports and by reducing effective demand through reduction of the investment program and the purchasing power, as well as by more effectively organizing and controlling the economy by a strengthening of the Social management apparatus.

Some measures to reduce purchasing power, especially of the peasants, include imposing new tax measures and cutting or terminating some social insurance benefits.

Agriculture in the Plan

For agriculture the Plan assumes that 1956 will be an average year, and that production will equal that of 1955. In detail, however, the Plan anticipates greater production of grains (corn, oats, and barley) and of livestock.

Development of agricultural production in 1956 is to result from increased use of agrotechnical measures, more efficient livestock breeding, increased investments, improved organization of markets, and strengthening of expert agricultural services. Special efforts are to be made to develop socialistic relations in the villages, which are expected to contribute to increased agricultural production. Increases in domestic production of fertilizers and machinery as well as of imports are also planned for 1956. The investment in agriculture during 1956 will be 26 billion dinars, 19 percent above that of 1955. In addition, several other social-economic funds will contribute to the development of agriculture. Production on state farms and peasants' work cooperatives is also expected to be stimulated by new regulations governing the distribution of their gross income. Production by private peasants is expected to increase through the organization of their production by the general agricultural cooperatives.

Based on a report by D. E. Larimore, American Embassy, Belgrade, Yugoslavia.

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sales to certain areas. A more important aid is the so-called dollar premium plan under which Danish exporters earn negotiable dollar premium certificates equivalent to 10 percent of the value of goods exported to the dollar area. Even the increased dependence on imported feed grains and concentrates is unlikely to deter Danish livestock producers unless costs become prohibitive. For, though the government makes no attempt to regulate production or use of land, and offers no guarantees of farm prices or income, it has a protectionist attitude toward agriculture and supports an expansion of the livestock industry.

Denmark's production and exports of cattle, meat, and meat products

	1938	1953	1954	1955
	CATTLE (Numbers)			
Production	3,200,000	3,100,000	3,152,000	3,178,000
Exports	134,067	222,491	204,215	313,362
	MEAT AND MEAT PRODUCTS (Metric tons)			
Beef and veal production	173,000	188,000	199,000	226,000
Beef and veal exports	14,932	41,878	54,885	41,040
Pork production	325,000	471,000	516,000	530,000
Pork exports	175,790	240,667	249,333	269,547
Lard production	13,600	21,800	23,200	24,100
Lard exports	11,370	12,450	16,680	15,360
Tallow production	19,100	20,000	20,000	20,000
Tallow exports	2,820	4,820	5,180	6,410
Offals production	24,900	30,100	32,300	[1]32,500
Offals exports	9,000	19,000	24,700	[1]25,000

[1] Estimated.

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U. S. Cotton Exports Are Now Competitive

The beginning of the 1956 marketing year for cotton, August 1, saw U.S. cotton being sold under the current export program at prices competitive with the prices of other growths. The minimum price received for Middling 15/16″ cotton at recent sales was 25 cents a pound in storage at inland warehouses. Around 3 million bales have been sold under the program for delivery during the 1956-57 season.

The reduction in world prices of around 25 percent during the past 18 months should result in an increase in foreign consumption of cotton throughout the world. This price reduction should also tend to curb the rapid expansion of foreign cotton production and improve cotton's competitive position in relation to rayon staple fiber. These favorable developments give promise that during the 1956-57 season world consumption of cotton may reach the level of world production for the first time in many years.

Export Aid for U. S. Cotton Products

Aid in the export of U.S. cotton products shipped on and after August 1 is available to eligible exporters through cash equalization payments from the Commodity Credit Corporation of the U.S. Department of Agriculture.

This program is designed to maintain the competitive position of the domestic cotton textile industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Current export sales prices are lower than domestic prices.

Norway's First Dollar Liberalization

In a welcome move Norway liberalized a number of commodities from the dollar area on July 1. Included are several fruits, lemons, grapefruit, raisins, currants, and dried prunes. Also liberalized were raw tobacco, cotton, wool, oilseeds, certain other seeds, raw hides and skins, sausage casings, hog bristles, lecithin, and hops. Among the fats on the list are most marine oils, olive oil, rapeseed soil, oleomargarine, and tallow.

For many of these commodities licenses have recently been granted freely so that no great change in the import pattern is to be expected.

Canned peaches and pineapple are to be liberalized on October 1.

New Opportunity For Sales in Iran

U.S. butter and butteroil can now be sold in Iran. Sales can be made through regular commercial channels or under the provisions of the recently concluded U.S.-Iranian agreement under Public Law 480. As a result of negotiations under that agreement, Iran's restrictions on imports of animal fats were abolished and some of its currency restrictions affecting U.S. imports were removed. This may also be an important factor in developing a market for ghee and in establishing a milk recombining industry in Iran.